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PRO HAC VICE APPLICATION PENDING

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

vs.

**RICHARD JONATHAN EDEN, an
individual,**

Defendant,

and

**EDEN&HILE, INC., a private
California corporation,**

Relief Defendant.

Case No.:

COMPLAINT

1 Plaintiff, Securities and Exchange Commission (“Commission” or “SEC”),
2 alleges as follows:

3 **SUMMARY OF THE ACTION**

4 1. This matter concerns recidivist conduct by Defendant Richard Eden
5 (“Eden”), who is subject to a December 2019 injunction in this district from Judge
6 Wilson prohibiting him from violating, *inter alia*, the broker-dealer registration
7 requirements of Section 15(a)(1) of the Securities Exchange Act of 1934
8 (“Exchange Act”); and a Commission Order barring his association with, *inter*
9 *alia*, any broker.

10 2. After the resulting injunction and Commission bar were imposed upon
11 him, Eden operated as a broker in connection with the securities offerings of
12 multiple companies. During that time, he was neither registered with the
13 Commission as a broker or dealer nor associated with an entity registered with the
14 Commission as a broker or dealer. Eden engaged in this conduct willfully, or at
15 least recklessly.
16

17 3. By engaging in this conduct, as further described herein, Eden
18 violated and, unless restrained and enjoined by this Court, may continue to violate
19 Sections 15(a)(1) and 15(b)(6)(B)(i) of the Exchange Act.

20 **JURISDICTION AND VENUE**

21 4. This Court has subject matter jurisdiction over this action pursuant to
22 Sections 21(d) and 27(a) of the Exchange Act [15 U.S.C. § 78u(d); 78a(a)]; and 28
23 U.S.C. § 1331.

24 5. Venue in this District is proper because Eden is found in, inhabits,
25 and/or transacts business in the Central District of California, and because one or
26 more acts or transactions constituting the violations occurred in the Central District
27 of California.
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1 6. The Commission brings this action pursuant to Sections 21(d) and
 2 21(e) of the Exchange Act [15 U.S.C. § 78u(d); 78u(e)] to enjoin such acts,
 3 practices, and courses of business, and to obtain civil money penalties and such
 4 other and further relief as this Court may deem just and appropriate.

5 7. Eden was involved in the offer and sale of the securities, as that term
 6 is defined under Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)],
 7 issued by multiple companies, including the securities of Seneca Capital Group,
 8 LP; Kumberland Campground Resorts, LLC; and Paddle Trail Campground on the
 9 Green River, L.L.C.

10 8. Eden, directly or indirectly, made use of the mails or means or
 11 instrumentalities of interstate commerce in connection with the conduct alleged in
 12 this Complaint.

13 **DEFENDANT AND RELIEF DEFENDANT**

14 9. **Richard “Rich” Jonathan Eden**, age 66, is a resident of Los
 15 Angeles, California. Eden was engaged to solicit prospective investors to invest in
 16 securities issued by multiple companies.

17 10. Eden was previously a defendant in another action brought by the
 18 Commission in this district, *see SEC v. Eden et al.*, 2:19-cv-09358-SVW-SK (C.D.
 19 Cal.), and was enjoined from, *inter alia*, violating, directly or indirectly, Section
 20 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)] by using any means or
 21 instrumentality of interstate commerce, or of the mails, or of any facility of any
 22 national securities exchange, to effect transactions in, or induce or attempt to
 23 induce the purchase or sale of, securities while not registered with the Commission
 24 as a broker or dealer or while not associated with an entity registered with the
 25 Commission as a broker or dealer. (*See Ex. A, Dec. 12, 2019 Final Judgment.*)
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11. On December 20, 2019, the Commission, pursuant to Section 15(b)(6) of the Exchange Act [15 U.S.C. § 78o(b)(6)], further barred Eden from association with, *inter alia*, any broker. (See Ex. B, Dec. 20, 2019 Commission Order.)

12. **Eden&Hile, Inc.**, (“Eden&Hile”) is a private California corporation believed to be operated from Eden’s Los Angeles residence and is at least nominally controlled by one or more members of Eden’s family. Eden&Hile received commission funds on behalf of Eden.

RELATED INDIVIDUALS AND ENTITIES

13. **Stephen Michael Thompson**, age 73, is last known to be a resident of Beverly Hills, California. Thompson has been the subject of multiple securities-related enforcement actions and was recently named a defendant in the pending case *SEC v. LFS Funding Limited Partnership, et al.*, No. 2:21-cv-04211-SSS-MAR (C.D. Cal.) (herein, “*LFS Funding*”). Thompson is believed to control numerous business entities, often through nominees, and to have connections to the issuers whose securities Eden solicited.

14. **Dale Jay Engelhardt**, age 57, is believed to be a resident of the Los Angeles area. Engelhardt, who once held FINRA Series 7 and 63 licenses, has been subject to multiple SEC enforcement actions, most recently as a defendant in *LFS Funding*. Engelhardt is believed to operate, via nominee Alex Forester, Brookdale Consulting LLC, a boiler room business which has raised investor funds for multiple securities issuers, at least some of which are associated with Stephen Thompson.

15. **Alex Duain Forester (f/k/a Duain Vincent Preitz)**, age 71, was last known to reside in Simi Valley, California. Forester, who once held FINRA Series 7 and 63 licenses, was a defendant in a prior Commission enforcement action brought in this district, *see SEC v. Alex Forester, et al.*, No. 2:20-cv-09813-DMG-AFM (C.D. Cal.), and was also the subject of a 2012 Desist and Refrain Order

1 issued by the California Business, Transportation and Housing Agency,
2 Department of Corporations for selling unregistered stock. Forester has served as
3 the nominee principal of business entities associated with Thompson and
4 Engelhardt, including, as it pertains to this action, Engelhardt's Brookdale
5 Consulting LLC.

6 16. **Alan David Libman**, age 78, is believed to be a Canadian citizen and
7 current or former Canadian lawyer currently residing in Canada. Libman has been
8 a subject of prior SEC enforcement actions and at least one parallel criminal
9 prosecution. Libman was for some time Eden's immediate supervisor at one of
10 Engelhardt's Brookdale Consulting LLC boiler room call centers.

11 17. **Brookdale Consulting LLC**, is a California company believed to
12 operate one or more boiler rooms in the Los Angeles area and to be under the *de*
13 *facto* control of Engelhardt. Brookdale Consulting is the "managing partner" of
14 securities issuer Seneca Capital Group, LP; was named as a relief defendant in *LFS*
15 *Funding*; and made commission payments to or for the benefit of Eden in
16 connection with the conduct described herein.

17 18. **Financial Logistics, LLC**, is a Wyoming company believed to be
18 controlled, via nominees, by Thompson. Financial Logistics, LLC made
19 commission payments to or for the benefit of Eden in connection with the conduct
20 described herein.

21 19. **Rocky Mountain Precious Metals, LLC**, is a Wyoming company
22 believed to be controlled, via nominees, by Thompson and made commission
23 payments to or for the benefit of Eden in connection with the conduct described
24 herein.

25 20. **Seneca Capital Group, Limited Partnership**, is a Wyoming
26 partnership whose general partner is Brookdale Consulting LLC. Seneca Capital
27 Group. Seneca Capital Group offered up to at least 25 "limited partnership units"
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1 to investors at \$100,000 per unit. These limited partnership units are securities, as
 2 that term is defined under Section 3(a)(10) of the Exchange Act [15 U.S.C. §
 3 78c(a)(10)].

4 21. **Kumberland Campground Resorts, LLC**, is a Kentucky limited
 5 liability company. Kumberland Campground Resorts offered up to at least 20
 6 “LLC Membership Units” to investors at \$65,000 per unit. These limited liability
 7 company units are securities, as that term is defined under Section 3(a)(10) of the
 8 Exchange Act [15 U.S.C. § 78c(a)(10)].

9 22. **Paddle Trail Campground on the Green River, L.L.C.**, is a
 10 Kentucky limited liability company. Paddle Trail Campground offered up to at
 11 least 30 “membership units” to investors at \$100,000 per unit. These membership
 12 units are securities, as that term is defined under Section 3(a)(10) of the Exchange
 13 Act [15 U.S.C. § 78c(a)(10)].

14 **EDEN’S VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

15 23. During or about mid-2019, while he was in settlement discussions
 16 with Commission staff regarding a potential resolution of the Commission
 17 enforcement action which would thereafter be brought as *SEC v. Eden et al.*, 2:19-
 18 cv-09358-SVW-SK (C.D. Cal.), Eden began looking for employment.

19 24. In connection with this employment search, Eden responded to a
 20 Craigslist advertisement for a sales position. Following Eden’s inquiry, he was
 21 interviewed by Libman on behalf of Brookdale Consulting, and was thereafter
 22 offered a position with Brookdale Consulting soliciting investors to purchase
 23 securities.

24 25. In mid-2019, Eden began working for Libman and Brookdale
 25 Consulting as an “opener” in connection with the Seneca Capital Group securities
 26 offering. Thereafter, Eden participated in additional securities offerings.
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1 26. In his role as an opener for the Seneca Capital Group securities
2 offering, Eden contacted prospective investors from lead lists, sought to establish
3 rapport with them, described the investment opportunity and potential returns,
4 caused printed materials to be sent to them (if requested), and, in some
5 circumstances referred them to Libman, a “closer,” so that Libman could attempt
6 to secure these investors’ investments in the offered Seneca Capital Group
7 securities.

8 27. After Libman left Brookdale Consulting in late 2019, Eden
9 transitioned into a “finder/closer” role responsible for both identifying potential
10 investors and attempting to secure their investments in the offered Seneca Capital
11 Group securities.

12 28. For his work as an opener, Eden was paid commissions equaling at
13 least 7.5 percent of each investment made by an investor he solicited. For his work
14 as a finder/closer, Eden was paid commissions equaling between 10 and 15 percent
15 of each investment made by an investor he solicited.

16 29. After the Seneca Capital Group securities offering concluded around
17 August 2020, Eden began working for Thompson. For his work for Thompson,
18 Eden was paid through Thompson’s companies—Financial Logistics LLC and
19 Rocky Mountain Precious Metals LLC. In this role, Eden received a “draw” in
20 anticipation of his eventually working on two planned campground-related
21 securities offerings (by Kumberland Campground Resorts and by Paddle Trail
22 Campground).

23 30. While working for Thompson, Eden processed calls from Seneca
24 Capital Group investors, performed research into the recreational vehicle/camping
25 industry, and also raised money from investors for a real estate transaction that
26 Thompson’s son was leading (but which was subsequently terminated).
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31. Once the Kumberland Campground Resorts and Paddle Trail Campground securities offerings began during or around mid 2021, Eden continued to perform market research work for Thompson and also made calls to prospective investors, in which, upon information and belief, Eden solicited those investors to invest in the Kumberland Campground Resorts and Paddle Trail Campground securities offerings.

32. For his work on the Seneca Capital Group, Kumberland Campground Resorts, Paddle Trail Campground, and Thompson's son's securities offerings (collectively, the "subject securities offerings"), Eden received, either directly or indirectly via Relief Defendant Eden&Hile, Inc., at least the payments summarized in the table below:

Payor/Payee	Date Range of Payments	Total Payments (\$)
<u>Payments to Eden:</u>		
Brookdale Consulting LLC	05/30/19 – 07/09/19	\$10,875.00
Financial Logistics, LLC	12/04/20	\$6,000.00
<u>Payments to Eden&Hile, Inc.:</u>		
Brookdale Consulting LLC	07/12/19 – 07/24/20	\$272,625.00
Financial Logistics, LLC	08/07/20 – 02/19/21	\$51,750.00
Rocky Mountain Precious Metals, LLC	03/19/21	\$10,000.00
Total	05/30/19 - 03/19/21	\$351,250.00

33. Eden operated as a broker in connection with the subject securities offerings while (a) he was neither registered with the Commission as a broker or dealer nor while he was associated with an entity registered with the Commission as a broker or dealer and (b) while he was subject to a Commission bar from associating with any broker.

34. For his work as a broker on the subject securities offerings, Eden obtained at least \$351,250.00 in ill-gotten gains.

35. Eden knew, or was at least reckless in not knowing, that his work in connection with the subject securities offerings was in violation of the federal

1 securities laws and the court and commission orders attached hereto as Exhibit A
2 and Exhibit B.

3 **FIRST CLAIM FOR RELIEF**

4 **Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]**

5 36. The Commission re-alleges and incorporates by reference each and
6 every allegation in paragraphs 1–35 inclusive, as if they were fully set forth herein.

7 37. By engaging in the conduct described above, Eden:

8 a. engaged in the business of effecting transactions in securities for the
9 account of others; and

10 b. directly or indirectly, made use of the mails or the means or
11 instrumentalities of interstate commerce to effect transactions in, or to
12 induce or attempt to induce the purchase or sale of, securities without being
13 registered as a broker or dealer with the Commission or associated with a
14 broker or dealer registered with the Commission.

15 38. By reason of the foregoing, Eden violated and, unless enjoined, will
16 continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

17 **SECOND CLAIM FOR RELIEF**

18 **Violations of Section 15(b)(6)(B)(i) of the Exchange Act [15 U.S.C. §**
19 **78o(b)(6)(B)(i)]**

20 39. The Commission re-alleges and incorporates by reference each and
21 every allegation in paragraphs 1–35, inclusive, as if they were fully set forth
22 herein.

23 40. Eden, who has previously been made the subject of a Commission bar
24 from associating with, among others, any broker, with such previous bar being in
25 effect, willfully or recklessly, directly or indirectly, made use of the mails or the
26 means or instrumentalities of interstate commerce to effect transactions in, or to
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1 induce or attempt to induce the purchase and sale of, securities (*i.e.*, Eden willfully
2 or recklessly acted as a broker in violation of said Commission bar).

3 41. By reason of the foregoing, Eden violated and, unless restrained and
4 enjoined, will continue to violate Section 15(b)(6)(B)(i) of the Exchange Act [15
5 U.S.C. 78o(b)(6)(B)(i)].

6 **PRAYER FOR RELIEF**

7 WHEREFORE, the Commission respectfully requests that this Court enter a
8 final judgment:

9 **I.**

10 Permanently restraining and enjoining Eden from, directly or indirectly,
11 engaging in conduct in violation of Section 15(a)(1) of the Exchange Act
12 [15 U.S.C. §78o(a)(1)];

13 **II.**

14 Permanently restraining and enjoining Eden from, directly or indirectly,
15 engaging in conduct in violation of Section 15(b)(6)(B)(i) of the Exchange Act [15
16 U.S.C. 78o(b)(6)(B)(i)];

17 **III.**

18 Permanently restraining and enjoining Eden from, directly or indirectly,
19 including, but not limited to, through any entity owned or controlled by Eden,
20 soliciting any person or entity to purchase or sell any security;

21 **IV.**

22 Ordering Eden and Relief Defendant Eden&Hile, Inc., to disgorge all ill-
23 gotten gains or unjust enrichment derived from the activities set forth in this
24 Complaint, together with prejudgment interest thereon;

25 **V.**

26 Ordering Eden to pay civil monetary penalties pursuant to Section 21(d)(3)
27 of the Exchange Act [15 U.S.C. § 78u(d)(3)];
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1 **VI.**

2 Retaining jurisdiction of this action in accordance with the principles of
3 equity and the Federal Rules of Civil Procedure in order to implement and carry
4 out the terms of all orders and decrees that may be entered, or to entertain any
5 suitable application or motion for additional relief within the jurisdiction of this
6 Court; and

7 **VII.**

8 Granting such other and further relief as this Court may deem just, equitable,
9 or necessary in connection with the enforcement of the federal securities laws and
10 for the protection of investors.
11

12 Dated: July 14, 2022
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14

15
16 /s/ Gary Y. Leung

17 Gary Y. Leung
18 Casey R. Fronk

19 *Attorneys for Plaintiff*
20 *Securities and Exchange Commission*
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